Adding contingency

FINANCIAL MODELING

LECTURE SUMMARY

Covered in this lecture:

Thinking of the worst case scenario

- Putting financial models together can give you a false sense of control
- There will always be some factors that are outside of your control, that's why you should always factor in some contingency or padding
- Give yourself some room to work with if something unexpected happens
- You can set a fixed percentage for contingency or a flexible one
- Starting out, you will need a higher percentage of contingency, but later on, this percentage will decrease as you learn more about your business

See you next lecture!